

Village of Lyons



Annual Financial Report February 28, 2006

Richard L. Baldermann
Certified Public Accountant

Auditing Procedures Report

Issued under P.A. 2 of 1982, as amended and P.A. 71 of 1979, as amended

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Two <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Village of Lyons	County Ionia
Fiscal Year End February 28, 2006	Opinion Date September 11, 2006	Date Audit Report Submitted to State	

We affirm that:

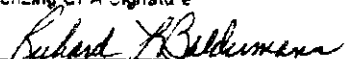
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No significant deficiencies found	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Richard L. Baldermann, CPA		Telephone Number 517-655-4772	
Street Address 1197 Wild Cherry Drive		City Williamston	State Zip MI 48895
Authorizing CPA Signature 		Printed Name Richard L. Baldermann, CPA	License Number 1101011385



Village of Lyons

*212 Water Street, PO Box 175
Lyons, Michigan 48851*

PRESIDENT

Bernard Russell

COUNCIL MEMBERS

Roslyn Ferris

Stanley Nave

Ann Randall

James Shattuck

Paul Tunell

Carrie Webster

CLERK

Jill Stilson

TREASURER

Linda Rairigh



Village of Lyons

Ionia County

February 28, 2006

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INDEPENDENT AUDITOR'S REPORT

September 11, 2006

Lyons Village Council
212 Water Street
P.O. Box 175
Lyons, Michigan 48851-0175

Dear Council Members:

I have audited the accompanying basic financial statements of the Village of Lyons as of February 28, 2006 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Lyons Village as of February 28, 2006 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the Village's basic financial statements. The required supplemental information, budgetary comparison schedules, and combining statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Richard L. Baldermann, CPA

VILLAGE OF LYONS
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 Lyons, Michigan 48851
 989.855.2125 FAX: 989.855.2813
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Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provides information about the activities of the Village as a whole and presents a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

The Village as a Whole

The Village's combined net assets decreased 14.1% from a year ago—decreasing from \$2,494,789 to \$2,080,588. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase of approximately \$12,355 during the year (2.1% decrease). After consideration of reevaluating reporting of Water Fund assets at original cost rather than net in the prior year, the business-type activities experienced a \$36,000 increase in net assets, primarily as a result of new water and sewer rates established in 2005. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date.

	Governmental Activities		Business-Type Activities		Total	
	2005	2006	2005	2006	2005	2006
Current Assets	294.4	324.2	297.2	334.1	591.6	658.3
Non-current Assets	280.7	924.8	1,104.5	1,101.4	385.2	2,026.1
Total Assets	<u>575.1</u>	<u>1,249.0</u>	<u>1,411.7</u>	<u>1,435.4</u>	<u>1,986.8</u>	<u>2,684.4</u>
Long Term Debt Outstanding			604.0	572.0	604.0	572.0
Other Liabilities	4.1	-	33.1	31.7	37.0	31.7
Total Liabilities	<u>4.1</u>	<u>-</u>	<u>637.1</u>	<u>603.7</u>	<u>641.0</u>	<u>603.7</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	280.7	924.8	500.5	496.9	781.2	1,482.9
Restricted	104.4	85.8	30.9	32.5	135.0	118.2
Unrestricted	<u>185.9</u>	<u>238.5</u>	<u>264.0</u>	<u>302.2</u>	<u>450.0</u>	<u>540.7</u>
Total Net Assets	<u>571.0</u>	<u>1,249.0</u>	<u>795.4</u>	<u>831.6</u>	<u>1,366.4</u>	<u>2,080.6</u>

Unrestricted net assets--the part of net assets that can be used to finance day to day operations, increased by \$52,600 for the governmental activities. This represents an increase of approximately 6.5%. The current level of unrestricted net assets for our governmental activities is \$238,500, or about 104% of expenditures.

Management's Discussion and Analysis

The following table shows the changes of the net assets (in thousands of dollars) as of the current date.

	Governmental Activities		Business Type Activities		Total	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Program Revenues						
Charges for Services	30.3	8.2	281.3	235.3	311.6	243.5
Operating Grants and Contributions	77.8	75.0		13.2	77.8	88.2
General Revenues						
Property Taxes levied for general purposes	90.6	121.5			90.6	121.5
Proportionate Share Revenue	86.2	85.6			86.2	85.6
Licenses and Permits	0.2	0.3			0.2	0.3
Miscellaneous	9.7	11.3	4.7	28.8	14.4	40.2
Unrestricted Investment Earnings	6.1	7.5	7.6	9.6	13.7	17.0
Transfers and Other Revenue	5.0	0.0	(5.0)	0.0	0.0	0.0
Total Revenues	<u>306.0</u>	<u>309.4</u>	<u>288.5</u>	<u>286.8</u>	<u>594.5</u>	<u>596.2</u>
Program Expenses						
General Government	179.8	150.6			179.8	150.6
Public Safety	1.6	3.9			1.6	3.9
Public Works	110.3	98.5			110.3	98.5
Culture and Recreation	0.8	7.0			0.8	7.0
Health and Welfare	7.4	3.3			7.4	3.3
Community Development		2.5				2.5
Other	18.4	1.6			18.4	1.6
Interest on Long-Term Debt			36.9	32.2	36.9	32.2
Water and Sewer	0.0	0.0	198.2	205.9	198.2	205.9
Total Expenses	<u>318.3</u>	<u>267.3</u>	<u>235.1</u>	<u>238.2</u>	<u>553.4</u>	<u>505.5</u>
Change in Net Assets	<u>(12.3)</u>	<u>42.1</u>	<u>53.4</u>	<u>48.7</u>	<u>41.1</u>	<u>90.7</u>

Business – Type Activities

The Village's business-type activities consist of the Water and Sewer Fund. We provide water to approximately 95% of Village residents, which comes from the Village water system. We provide sewage treatment to approximately 97% of Village residents, through the Sewer Maintenance system. Close budget monitoring throughout the year allowed us to delay a needed water rate increase to 2005.

The Village's Funds

The Village major fund presentation begins on page 6 following the entity wide financial statements. The fund financial statements provide detail information about the most significant fund, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The Village's major fund for 2006 includes the General Fund.

Management's Discussion and Analysis

General Fund Budgetary Highlights

Over the course of the year, the Village Council amended the budget to take into account events during the year. The most significant change was to reflect the new chart of accounts put into effect. The amended budget expenditures exceeded revenue by \$44,723. The Village overall stayed below the expenditure budget and exceeded the revenue budget thereby allowing expenditures to exceed revenue by only \$16,977. The General Fund's fund balance decreased from \$202,795.00 a year ago to \$185,818.00 at February 28, 2006.

Capital Asset and Debt Administration

At the end of 2006, the Village had \$2,554,661 invested in a broad range of capital assets, including buildings, land, and water and sewer lines. In addition, the Village has invested significantly in roads within the Village.

Economic Factors and Next Year's Budgets and Rates

Because of the impact of Proposal A the Village needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Village will grow less than by inflation, before considering new property additions.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Village of Lyons
Government Wide Statement of Net Assets
February 28, 2006

Exhibit 1

	Primary Government		
	Governmental Type Activities	Business Type Activities	Total
Assets			
Current Assets			
Cash (Note 4)	\$ 269,047	\$ 322,470	\$ 591,517
Taxes Receivable-Delinquent	15,581		15,581
Due From State	39,264		39,264
Receivables-Net	320	11,604	11,924
Total Current Assets	324,212	334,075	658,287
Noncurrent Assets			
Restricted Cash		32,455	32,455
Capital assets-Net (Note 5)	924,799	1,068,896	1,993,695
Total assets	\$ 1,249,011	\$ 1,435,425	\$ 2,684,436
Liabilities			
Current Liabilities			
Accounts payable		\$ 1,755	\$ 1,755
Current Portion of Noncurrent Liabilities		49,705	49,705
Interest Payable		9,424	9,424
Total Current Liabilities	-	60,884	60,884
Noncurrent Liabilities			
Deposits Payable		20,478	20,478
Bonds, Notes and Loans Payable		678,628	678,628
Total liabilities	-	759,990	759,990
NET ASSETS			
Invested in Capital Assets--Net of Related Debt	924,799	340,563	1,265,362
Restricted	85,753	32,455	118,208
Unrestricted	238,459	302,227	540,686
Total Net Assets	\$ 1,249,011	\$ 675,245	\$ 1,924,256

The Notes to Financial Statements are an Integral Part of this Statement.

Exhibit 2

Village of Lyons
Government Wide Statement of Activities
For the Year Ended February 28, 2006

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Changes in Net Assets	
			Primary Government Activities	Business-Type Activities
Primary Government				Total
General Government	\$ 150,600		\$ (142,408)	\$ (142,408)
Public Safety	3,877		(3,877)	(3,877)
Public Works	61,046	75,042	13,996	13,996
Health and Welfare	3,274		(3,274)	(3,274)
Community Development	2,468		(2,468)	(2,468)
Culture and Recreation	6,959		(6,959)	(6,959)
Other Functions	1,590		(1,590)	(1,590)
Total Governmental Activities	229,814	75,042	(146,580)	(146,580)
Business-Type Activities				
Water and Sewer	397,100			(161,807)
Total Business-Type Activities	397,100			(161,807)
Total Primary Government	\$ 626,915	\$ 75,042	(146,580)	(308,387)
General Revenues				
Property Taxes			121,498	121,498
State Grants			85,552	98,708
Unrestricted Investment Earnings			7,452	17,031
Licenses and Permits			279	279
Other Revenue			11,340	40,153
Total General Revenues--Special Items and Transfers			226,121	277,669
Change in Net Assets			79,540	(30,718)
Net Assets--Beginning			1,268,120	2,051,018
Net Assets--Ending			\$ 1,347,660	\$2,020,300

The Notes to Financial Statements are an integral part of this statement.

Village of Lyons
Balance Sheet
Governmental Funds
February 28, 2006

Exhibit 3

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 159,464	\$ 72,214	\$ 231,678
Taxes Receivable	15,581		15,581
Due From State	25,725	13,539	39,264
Accounts Receivable	320		320
Due from Other Funds	190		190
Total Assets	\$ 201,280	\$ 85,753	\$ 287,033
Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
Fund Balances			
Fund Balance	201,280	85,753	287,033
Total Liabilities and Fund Balances	\$ 201,280	\$ 85,753	\$ 287,033

Amounts reported for governmental activities in the statement of net assets
are different because:

Fund Balance	\$ 287,033
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	924,799
Internal Service Funds are used by management to charge the costs of motor pool activities to other funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets	37,369
Interfund receivables and payables are generally not reported in the statement of net assets	(190)
Net Assets of Governmental Activities	\$ 1,249,011

The Notes to Financial Statements are an Integral Part of this Statement.

Village of Lyons
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended February 28, 2006

Exhibit 4

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 120,205	1,293	\$ 121,498
Fines and Forfeitures	254		254
Licenses and Permits	25		25
State Grants	85,552	75,042	160,594
Interest and Rentals	8,663	2,319	10,981
Other Revenue	3,791	7,549	11,340
Total Revenues	<u>218,490</u>	<u>86,203</u>	<u>304,692</u>
Expenditures			
General Government	140,141		140,141
Public Safety	3,877		3,877
Public Works		102,450	102,450
Health and Welfare	3,274		3,274
Community and Economic Development		2,468	2,468
Culture and Recreation	9,129		9,129
Other Functions	1,590		1,590
Capital Outlay	28,226		28,226
Total Expenditures	<u>186,236</u>	<u>104,918</u>	<u>291,155</u>
Excess (deficiency) of Revenues vs. Expenditures	<u>32,253</u>	<u>(18,716)</u>	<u>13,538</u>
Other Financing Sources (Uses)			
Transfers In (out)	<u>(5,000)</u>		<u>(5,000)</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Net Change in Fund Balances	27,253	(18,716)	8,538
Fund Balances - Beginning:	<u>174,027</u>	<u>104,468</u>	<u>278,496</u>
Fund Balances - Ending:	<u>\$ 201,280</u>	<u>\$ 85,753</u>	<u>\$ 287,033</u>

The Notes to Financial Statements are an Integral Part of this Statement.

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balance	\$ 8,538
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is the amount by which capital outlays exceeded depreciation in the current period.	44,109
Internal Service Funds are used by management to charge the costs of motor pool activities to other funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	21,894
Interfund transactions are generally not reported in the statement of net assets	5,000
Change in Net Assets of Governmental Activities	<u>\$ 79,540</u>

Village of Lyons
Statement of Net Assets
Proprietary Funds
February 28, 2006

Exhibit 5

	Business-type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Assets				
Current Assets				
Cash	81,345	241,125	\$ 322,470	\$ 37,369
Receivables--Net	7,363	4,241	11,604	
Total Current Assets				
Noncurrent Assets				
Restricted Cash	32,455		32,455	
Capital Assets--Net	840,783	228,113	1,068,896	66,314
Total Assets	<u>961,945</u>	<u>473,480</u>	<u>1,435,425</u>	<u>103,683</u>
Liabilities				
Current Liabilities				
Accounts Payable	1,755		1,755	
Due to Other Funds	190		190	
Current Portion of Noncurrent Liabil	49,705		49,705	
Interest Payable	12,030		12,030	
Total Current Liabilities				
Noncurrent Liabilities				
Deposits Payable	10,732	9,747	20,478	
Bonds, Notes and Loans Payable	678,628		678,628	
Total Liabilities	<u>753,039</u>	<u>9,747</u>	<u>762,785</u>	
Net Assets				
Invested in Capital Assets--Net of Related Debt	112,450	228,113	340,563	
Restricted for Debt Service	32,455		32,455	
Unrestricted	64,002	235,620	299,622	103,683
Total Net Assets	<u>\$ 208,907</u>	<u>\$ 463,733</u>	<u>\$ 672,640</u>	<u>103,683</u>

The Notes to Financial Statements are an Integral Part of this Statement.

Village of Lyons
Statement of Revenue, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended February 28, 2006

Exhibit 6

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Water Fund	Sewer Fund	Total	
Operating Revenue				
Permits and Fees	2,330	1,135	\$ 3,465	
Charges for Services	147,559	84,270	231,829	\$ 41,056
Total Operating Revenue	149,889	85,405	235,294	41,056
Operating Expenses				
Office Expenses	209,951	17,356	227,308	4,835
Repair & Maintenance	64,802	33,517	98,319	15,110
Depreciation	22,630	13,053	35,683	8,293
Total Operating Expenses	297,383	63,927	361,310	
Operating Income (Loss)	(147,494)	21,478	(126,016)	28,237
Other Revenue (Expenses)				
Interest on Long Term Debt	(35,791)		(35,791)	
Debt Service Fee	28,813			
Grants	13,156			
Rental Earned	2,700		2,700	
Interest Earned	1,758	5,122	6,879	782
Total Other Revenue (Expenses)	10,636	5,122	15,758	782
Income (Loss) Before Transfers In (Out)	(136,858)	26,600	(110,258)	13,601
Transfers In (Out)				5,000
Change in Net Assets	(136,858)	26,600	(110,258)	18,601
Total Net Assets--Beginning	345,764	437,134	782,898	85,082
Total Net Assets--Ending	\$ 208,907	\$ 463,733	\$ 672,640	\$ 103,683

The Notes to the Financial Statements are an Integral Part of This Statement

Village of Lyons
Statement of Cash Flows
Proprietary Funds
For the Year Ended February 28, 2006

Exhibit 7

	Business-type Activities Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers and others	160,916	107,760	\$ 268,676	
Cash received from interfund services	190		190	41,056
Cash payments to employees			-	
Cash payments to suppliers for goods and services	(274,753)	(52,257)	(327,010)	8,293
Cash payments for interfund services			-	
Net cash provided (used) by operating activities	<u>(113,647)</u>	<u>55,503</u>	<u>(58,145)</u>	<u>49,349</u>
Cash flows from investing activities:				
Interest received	<u>1,758</u>	<u>5,122</u>	<u>6,879</u>	<u>782</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets		(26,569)	(26,569)	
Proceeds from sale of capital assets			-	
Debt service fees, capital grants and related receipts	45,814		45,814	
Bond/note principal payments	(32,000)		(32,000)	
Bond/note interest payments	(38,108)		(38,108)	
Muir settlement proceeds	175,000		175,000	
Muir settlement principal repayment	<u>(18,667)</u>		<u>(18,667)</u>	
Net cash provided (used) by capital and related financing activities	<u>132,039</u>	<u>(26,569)</u>	<u>105,470</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	20,150	34,055	54,205	50,131
Cash—beginning	93,650	207,070	300,720	15,475
Cash—ending	<u>\$ 113,800</u>	<u>\$ 241,125</u>	<u>\$ 354,925</u>	<u>\$ 65,606</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (147,494)	\$ 21,478	\$ (126,016)	\$ 28,237
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	22,630	13,053	35,683	8,293
Changes in assets and liabilities:				
Receivables—net	10,841	22,318	33,159	-
Accounts payable	(0)	(1,384)	(1,384)	-
Due to other funds	190	-	190	-
Deposits payable	186	38	223	-
Net cash provided (used) by operating activities	<u>\$ (113,647)</u>	<u>\$ 55,503</u>	<u>\$ (58,145)</u>	<u>\$ 36,530</u>

The Notes to the Financial Statements are an Integral Part of This Statement

VILLAGE OF LYONS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2006

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Lyons conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Lyons:

A. Reporting Entity

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity.

The Village of Lyons is located in Ionia County and covers an area of one square mile. The Village provides services to its 726 residents in many areas including fire protection, community enrichment and development, and human services. The Village is a general law village governed by a six-member council elected by the citizens of the Village of Lyons. The Village Council consists of the president and six council members. The accompanying financial statements present the Village and its component units, entities for which the Village is considered to be financially accountable. Based on the criteria established by the Governmental Accounting Standards Board (GASB), the Village of Lyons has no component units.

Related Organizations—The Village of Lyons has entered a *Fire Protection Agreement* with Lyons Township, Muir Village and Pewamo Village. The primary provisions of the agreement include:

- Lyons Township will purchase the necessary fire fighting equipment and operating supplies;
- Lyons Township is to pay the firefighters;
- The villages have control of fire trucks and equipment;
- Lyons Township will insurance for the equipment, liability insurance and workers compensation insurance, as well as the insurance for the personnel of the department;
- Lyons Township will pay all equipment operating costs; and
- Lyons Village will supply housing for the trucks and equipment in the village and maintain the building.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

C. Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF LYONS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2006

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and state-shared revenue are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Village. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property Taxes—The Village property tax is levied and collectible on July 1 on the taxable valuation of property located in the Village as of the preceding December 31st. Taxes are returned delinquent to the County Treasurer on September 15. It is the Village's policy to recognize revenues in the current year when they are made available for the financing of Village operations.

The 2005 taxable value of the Village of Lyons amounted to \$9,834,428, on which ad valorem taxes of 12 mills were levied for Village operating purposes. The 2005 current tax levied included \$118,352 for village operations. The delinquent real taxes totaling \$15,404 for the Village are recorded as Taxes Receivable-Delinquent.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of general village departments.

The Village reports the following major proprietary funds:

The Water Fund accounts for the activities of the water distribution system.

The Sewer Fund accounts for the activities of the sewage collection system.

Additionally, the Village reports the following fund types:

Special Revenue Funds are used to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

Proprietary-Internal Service Funds are used by management to charge the costs of motor pool activities to other funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Village has elected not to follow private sector standards issued after November 30, 1989 for its business type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

VILLAGE OF LYONS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2006

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, Liabilities, and Net Assets or Equity

Bank Deposits—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables—In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” All property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on September 15th, at which time penalties and interest are assessed at the County.

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Retroactive reporting of infrastructure assets is not required for units of government the size of the Village.

Property, buildings and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 50 years
Vehicles and Grounds Equipment	5 to 30 years
Office Equipment	5 years
Computer Equipment	5 years
Infrastructure	30 to 100 years

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information

The annual budget is prepared by the Village's management and adopted by the Council. Amendments to the budget have not been made by the Council. The annual operating budget has been prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America and at the department/activity level. Unexpended appropriations lapse at year-end.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq.), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The Village's actual expenditures and budgeted expenditures for the funds budgeted have been shown on a department/activity basis. During the fiscal year ended February 28, 2006, the Village incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Unfavorable)</u>
General Fund				
Capital Outlay				
Capital Outlay	18,100	24,700	28,226	(3,526)
Major Street Fund				
Road Construction	36,500	36,500	37,489	(989)

VILLAGE OF LYONS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2006

NOTE 3—CASH

Deposits are carried at cost. Deposits of the village are made in banks in the name of the Village of Lyons Treasurer. Michigan Compiled Laws, Section 124.91, authorizes the village treasurer to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. The Village's deposits are in accordance with statutory authority.

Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for the Village's cash deposits, are as follows:

<u>Deposits</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$196,716	\$196,716
Uninsured	<u>433,155</u>	<u>427,155</u>
Total Deposits	<u>\$ 629,926</u>	<u>\$ 623,871</u>

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

Statement of Net Assets

Cash	\$591,517
Restricted cash	<u>32,455</u>
Total	<u>\$623,972</u>

Deposits and investments

Bank deposits	
(checking and savings accounts)	\$623,872
Cash on hand	<u>100</u>
Total	<u>\$623,972</u>

The Village chooses to disclose its investments by specifically identifying each. As of year end, the Village had the following deposits and investments.

Deposits and investments	Carrying Amount (Fair Value)	Credit Rating	Maturity
Governmental money market:			
Independent Bank	\$547,957	Unrated	N/A
State Farm	<u>75,915</u>	Unrated	N/A
Total	<u>\$623,872</u>		

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The Village's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments, where applicable, have been identified above for the Village's investments.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The Village's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, have been identified above for the Village's investments.

VILLAGE OF LYONS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2006

NOTE 3—CASH (continued)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. State law does not require and the Village does not have a policy for deposit custodial credit risk. As of year end, \$433,155 of the Village's bank balance of \$629,926 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Village's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

NOTE 4—CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Beginning Balance	Additions	Deductions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 34,710	\$ 1,531	\$	\$ 36,241
Construction in Progress-Infrastructure		37,489		37,489
Subtotal	34,710	39,020		73,730
Capital Assets Being Depreciated				
Buildings and Improvements	308,236	7,122	3,865	311,493
Office Equipment	17,706	14,965		32,671
DPW Equipment	247,124	3,864		262,480
		11,492		
Infrastructure	910,552			910,552
Subtotal	1,483,618	37,443	3,865	1,517,197
Less Accumulated Depreciation for				
Buildings and Improvements	86,602	7,099		93,701
Office Equipment	6,639	5,401		12,040
DPW Equipment	184,069	8,293		196,166
		3,804		
Infrastructure	355,115	9,106		364,221
Subtotal	632,425	33,703		666,128
Net Capital Assets Being Depreciated	851,193	37,443	37,567	851,069
Governmental Activities Total				
Capital Assets—Net of Depreciation	\$ 885,903	\$ 76,463	\$37,567	\$ 924,799
Business-Type Activities				
Capital Assets Being Depreciated				
Buildings and Improvements	\$ 411,992	\$ 2,295		\$ 414,287
Water Mains	436,774			436,774
Wells	165,859			165,859
Water Tower	153,170			153,170
Sewer Mains	664,241			664,241
Subtotal	1,832,036	2,295		1,834,331
Less Accumulated Depreciation for				
Buildings and Improvements	22,962	9,398		32,360
Water Mains	201,586	7,677		209,263
Wells	19,375	3,522		22,897
Water Tower	62,754	2,033		64,787
Sewer Mains	423,074	13,053		436,127
Subtotal	729,751	35,683		765,434
Business-Type Activities Total				
Capital Assets—Net of Depreciation	\$1,102,285	\$ 2,295	\$35,683	\$1,068,897

VILLAGE OF LYONS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2006

NOTE 4—CAPITAL ASSETS (continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
Administration	11,831
Building & Grounds	669
Streets	9,105
Business-Type Activities	
Sewer	13,053
Water	22,630

NOTE 5—LONG TERM DEBT

Revenue Bonds Payable—Series 2000-B—(Bond Authority)

\$425,000 of bonds issued in 2001 to finance water system improvements within the Village. Principal payments are due annually on November 1 with interest payable on May 1 and November 1 as follows:

Year Ending 28-Feb	Principal	Interest
2007	\$ 10,000	\$20,160
2008	10,000	19,690
2009	10,000	19,215
2010	10,000	18,735
Thereafter	335,000	179,844
Totals	<u>\$375,000</u>	<u>\$257,644</u>

Revenue Bonds Payable (GMAC)

Principal payments are due annually on January 1 with interest payable on January 1 and July 1. Those bonds maturing in 1982 and thereafter are subject to redemption prior to maturing after January 1, 1981, at the option of the Village in inverse numerical order on any interest date at par plus accrued interest to the date of redemption.

Year Ending 28-Feb	Principal	Interest
2007	\$ 17,000	\$ 5,600
2008	18,000	4,750
2009	18,000	3,850
2010	19,000	2,950
2011	20,000	2,000
2012	20,000	1,000
	<u>\$112,000</u>	<u>\$20,150</u>

Water System Installment Purchase Debt

Principal payments are due annually on May 1 with interest payable on May 1 and November 1 as follows:

Year Ending 28-Feb	Principal	Interest
2007	\$ 7,000	\$ 5,093
2008	7,000	4,656
2009	7,000	4,218
2010	8,000	3,750
Thereafter	56,000	10,938
Total	<u>\$85,000</u>	<u>\$28,655</u>

VILLAGE OF LYONS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2006

NOTE 5—LONG TERM DEBT (continued)

Settlement Agreement and Mutual Release
Between Village of Muir and Village of Lyons

In June 2005 the Village entered a Settlement Agreement and Mutual Release with the Village of Muir to settle a lawsuit between the two parties. The settlement amount is \$175,000 plus interest of 2.5% payable in annual payments in the amount of \$19,612.98 due July 1 each year.

<u>Year Ending</u> <u>28-Feb</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 15,704.67	\$ 3,908.31
2008	16,097.28	3,515.70
2009	16,499.72	3,113.26
2010	16,912.21	2,700.77
2011	17,335.01	2,277.97
2012	17,768.39	1,844.59
2013	18,212.60	1,400.38
2014	18,667.91	945.07
2015	<u>19,134.61</u>	<u>478.48</u>
	<u>\$156,332.40</u>	<u>\$ 20,184.53</u>

NOTE 6—EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Plan Description—The Village participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the Village. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at:

1134 Municipal Way
Lansing, Michigan 48917

Funding Policy—The obligation to contribute to and maintain the system for these employees was established by negotiation with the Village's employees and requires a contribution from the employees of 4 percent and from the employer of 7.43 percent of gross wages for General employees.

Annual Pension Costs —For year ended 2005, the Village's annual pension cost of \$5,780 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry age normal cost method. Significant actuarial assumptions used include: (i) an 8 percent investment rate of return; and (ii) projected salary increases of 4.5 percent per year. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll contributions over a period of years. The standard amortization period to fund the unfunded liability is 30 years for positive unfunded liabilities, and 10 years for negative unfunded liabilities. Three-year trend information as of December 31, 2005 follows:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Annual Pension Cost		\$ 5,117	\$ 5,780
Actuarial Value of Assets	\$10,166	\$21,930	\$33,641
Actuarial Accrued Liability	\$1,473	\$23,071	\$40,190
Unfunded AAL	\$(8,693)	\$1,141	\$ 6,549
Funded Ratio	690%	95.1 %	83.7%
Covered Payroll	\$86,863	\$83,786	\$90,098
UAAL as a Percentage of Covered Payroll	0%	1%	7%

NOTE 7—OTHER POST-EMPLOYMENT BENEFITS

The Village has elected to provide post-employment health benefits to one retiree. The Village pays the full cost of coverage for these benefits. Currently, one retiree is eligible for post-employment health benefits. For the fiscal year ended February 28, 2006, the Village made payments for post-employment health benefit premiums of \$1,589.50. The Village obtains health care coverage through private insurers.

VILLAGE OF LYONS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2006

NOTE 8—RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Village is insured with the Michigan Municipal Liability and Property Pool. Workmen's compensation coverage is acquired from the Accident Fund of Michigan.

The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverage, auto liability coverage, property insurance coverage, stop loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982. The Village pays an annual premium to the Pool for property (buildings and contents) coverage, automobile and equipment liability, errors or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the information of the Pool provides that the Pool will be self-sustaining through member payments determined necessary by the Pool Board. During fiscal year end February 28, 2006 and the previous two years, there were no settlements that exceeded the respective insurance coverage. In addition, there has been no reduction in insurance coverage from the prior year.

NOTE 9—CONTINGENT LIABILITIES

The Village, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The Village's attorney and insurance carrier estimate that the potential claims against the Village, not covered by insurance resulting from such litigation, would not materially affect the financial statements of the Village.

NOTE 10—SUBSEQUENT EVENTS

On May 24, 2006, the Village issued \$175,000 Village of Lyons Michigan Transportation Bonds, Series 2006 (Limited Tax General Obligation).

Village of Lyons
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended February 28, 2006

Exhibit 8

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
Budgetary Fund Balance-Beginning			\$ 174,027	\$ 174,027
Resources (Inflows)				
Taxes	\$ 110,494	\$ 110,494	120,205	9,711
Fines and Forfeitures	125	125	254	129
Licenses and Permits			25	25
State Grants	75,000	75,000	85,552	10,552
Interest	3,000	3,000	4,352	1,352
Rentals			4,311	4,311
Other Revenue			3,791	3,791
Transfer In				-
Amounts Available for Appropriation	188,619	188,619	392,516	203,897
Charges to Appropriations (Outflows)				
General Government				
Village Council	20,857	19,557	13,886	5,671
President	4,590	4,590	3,922	668
Clerk	22,216	22,216	23,171	(955)
Treasurer	4,819	4,819	2,513	2,306
Administration	21,350	21,350	18,458	2,892
Elections	1,100	1,350	1,304	46
Building and Grounds	65,535	79,135	76,887	2,248
Public Safety				
Fire Department	3,975	3,975	3,877	98
Health and Welfare				
Ambulance	3,500	3,500	3,274	226
Recreation and Culture				
Parks	22,073	22,073	9,129	12,944
Other Functions				
Insurance & Bonds		1,600	1,590	11
Capital Outlay				
Capital Outlay	18,100	24,700	28,226	(3,526)
Transfers Out	5,000	5,000	5,000	-
Total Charges to Appropriations	\$ 193,115	\$ 213,865	191,236	22,629
Budgetary Fund Balance-Ending			\$ 201,280	\$ 201,280

Village of Lyons
 Budgetary Comparison Schedule
 Major Street Fund
 For the Year Ended February 28, 2006

Exhibit 9

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
Budgetary Fund Balance-Beginning			\$ 86,718	\$ 86,718
Resources (Inflows)				
State Grants	\$ 55,000	\$ 55,000	53,665	(1,335)
Interest and Rentals	700	700	2,273	1,573
Other Revenue	1,600	1,600	1,851	251
Amounts Available for Appropriation	57,300	57,300	144,506	87,206
Charges to Appropriations (Outflows)				
Public Works				
Street Department				
Road Construction	36,500	36,500	37,489	(989)
Road Maintenance	29,656	30,056	28,564	1,492
Bridge		1,385	1,144	241
Winter Maintenance	12,737	12,737	6,163	6,574
Roadside Parks	1,708	3,705	3,632	73
Traffic Services	575	575	518	57
Administration	4,080	4,080	3,171	909
Total Charges to Appropriations	85,256	89,038	80,680	8,358
Budgetary Fund Balance-Ending	\$ (27,956)	\$ (31,738)	\$ 63,826	\$ 95,564

Village of Lyons
 Budgetary Comparison Schedule
 Local Street Fund
 For the Year Ended February 28, 2006

Exhibit 10

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
Budgetary Fund Balance-Beginning			\$ 17,706	\$ 17,706
Resources (Inflows)				
State Grants	\$ 21,900	\$ 21,900	21,378	(522)
Interest and Rentals	200	200	46	(154)
Other Revenue	1,600	1,600	1,851	251
Amounts Available for Appropriation	23,700	23,700	40,980	17,029
Charges to Appropriations (Outflows)				
Public Works				
Street Department				
Road Maintenance	23,362	23,362	14,341	9,021
Winter Maintenance	6,390	6,390	4,226	2,164
Traffic Services	575	575	140	436
Administration	3,830	3,830	3,064	766
Total Charges to Appropriations	34,157	34,157	21,770	12,387
Budgetary Fund Balance-Ending	\$ -	\$ -	\$ 19,210	\$ 19,210

Village of Lyons
 Budgetary Comparison Schedule
 DDA Fund
 For the Year Ended February 28, 2006

Exhibit 11

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance-Beginning			\$ 45	45
Resources (Inflows)				
Taxes		\$ 1,290	1,283	3
Private Contributions		3,845	3,847	2
Amounts Available for Appropriation	-	5,135	5,185	50
Charges to Appropriations (Outflows)				
Community and Economic Development				
Community Development		2,796	2,468	328
Total Charges to Appropriations	-	2,796	2,468	328
Budgetary Fund Balance-Ending	\$ -	\$ -	\$ 2,717	\$ 2,717

Village of Lyons
Combining Balance Sheet
Non-Major Governmental Funds
February 28, 2006

Exhibit 12

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Major Street Fund	Local Street Fund	DDA Fund	
Assets				
Cash	\$ 54,144	\$ 15,353	\$ 2,717	\$ 72,214
Due From State	9,682	3,857		13,539
Total Assets	<u>63,826</u>	<u>19,210</u>	<u>2,717</u>	<u>85,753</u>
Liabilities				
Accounts Payable	(0)			(0)
Total Liabilities	<u>(0)</u>	<u>-</u>		<u>(0)</u>
Fund Equity				
Fund Balance	<u>63,826</u>	<u>19,210</u>	<u>2,717</u>	<u>85,753</u>
Total Liabilities and Fund Equity	<u>\$ 63,826</u>	<u>\$ 19,210</u>	<u>\$ 2,717</u>	<u>\$ 85,753</u>

Village of Lyons
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
Governmental Funds
For the Year Ended February 28, 2006

Exhibit 13

	Major Street Fund	Local Street Fund	DDA Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes			1,293.11	
State Grants	\$ 53,665	\$ 21,378		\$ 75,042
Interest on Investments	2,273	46		2,319
Other Revenue	1,851	1,851	3,847	7,549
Total Revenues	57,788	23,275	5,140	86,203
Expenditures				
Public Works				
Administration	3,171	3,064		6,234
Construction	37,489			37,489
Maintenance	28,564	14,341		42,904
Bridges	1,144			
Roadside Parks	3,632			3,632
Winter Mainyenance	6,163	4,226		10,389
Trafic Services	518	140		657
Community and Economic Development				
Community Development			2,468	
Total Expenditures	80,680	21,770	2,468	102,450
Excess (deficiency) of Revenues vs. Expenditures	(22,892)	1,505	2,672	(18,715)
Other Financing Sources (Uses)				
Transfers In (Out)				-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(22,892)	1,505	2,672	(21,387)
Fund Balances - Beginning:	86,718	17,706	45	104,423
Fund Balances - Ending:	\$ 63,826	\$ 19,210	\$ 2,717	\$ 85,753